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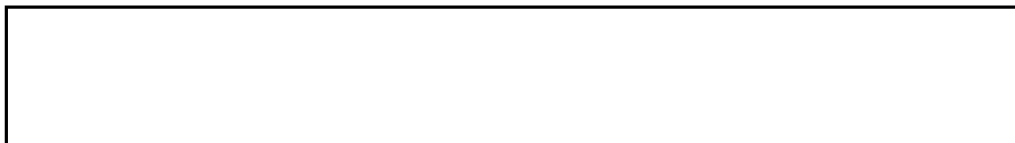
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National Intelligence Bulletin

September 26, 1975

CONTENTS

LEBANON: Situation report 1



25X1

PORTUGAL: Enlisted men demonstrate
in defiance of government 4

MBFR: New round of
talks opens today 6



25X1

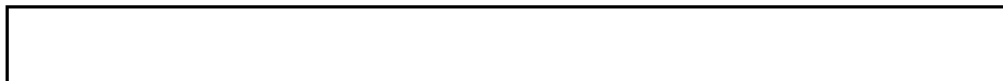
KOREA: Pyongyang reacts negatively
to conference proposal 8

CHINA: Chou's health poor again 9



25X1

ITALY: Parties meet
to discuss strategy 13



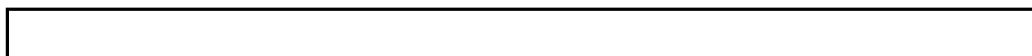
25X1

RHODESIA: African National Council
to hold first congress this weekend 16

NORWAY: Prime Minister to
resign in January 17

BOLIVIA: Banzer pressing Chile
for access to the Pacific 19

BANGLADESH: New regime
much like Mujib's 20



25X1

National Intelligence Bulletin

September 26, 1975

LEBANON

The fighting in Beirut tapered off yesterday, but armed militiamen did not withdraw from the barricades in some areas. The new national conciliation committee held its initial meeting but apparently accomplished little.

One of the principal obstacles to Christian-Muslim reconciliation appears to be the adamant refusal of conservative Christian leaders—including President Franjiyah—to make meaningful concessions to the Muslims.

A leader of the Maronite Christian community informed Ambassador Godley that Franjiyah and Phalangist leader Jumayyil told a meeting of Maronite leaders on Tuesday that they would refuse to consider any modification of the existing political structure. Many less conservative Christians are convinced that compromise is the only way out.

Jumayyil apparently sees himself as the only barrier to an arrangement that would alter the Lebanese political system in favor of the Muslims. His intransigence is playing into the hands of those leftists and radical fedayeen groups determined to keep the conflict going.

President Franjiyah's motives are less clear, but he may be acting in part to discredit Prime Minister Karami. In any event, the President has played no constructive role toward ending the crisis and has clearly been resisting the Syrian mediation effort, which appears to be the best hope of ending the impasse. By now, Franjiyah is so discredited that he is not likely to survive in office for long.

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Next 1 Page(s) In Document Exempt

Approved For Release 2007/03/14 : CIA-RDP79T00975A028100010043-2

National Intelligence Bulletin

September 26, 1975

PORTUGAL

Several thousand Portuguese military enlisted personnel led an anti-government demonstration in Lisbon last night, openly challenging a pledge by the new government to restore public order and enforce military discipline.

The soldiers, members of the extreme-left-sponsored organization "Soldiers United Shall Win," demanded a more revolutionary government and defiantly shouted "Portugal will not be Europe's Chile."

After the demonstration ended, the participants, reinforced by thousands of leftist civilians, went to a military prison in the suburbs of Lisbon and demanded the release of two of their comrades who had been arrested earlier. An unconfirmed press report said the two prisoners were subsequently freed, but that it had not been determined who authorized their release.

The demonstration is only the latest in a series of breaches of military discipline that the new government shall have to deal with if it is going to establish its authority.

Other examples have included:

- Anti-government demonstrations by the same organization in Porto and Sacavem, a Lisbon suburb.

- The theft of at least 1,000 automatic rifles from a military arsenal by a security forces officer, who later boasted that he had turned them over to "revolutionary workers."

- Creation of a second revolutionary enlisted men's organization in the Lisbon Military Region dedicated to ensuring a "progressive" orientation for the Armed Forces Movement.

- Refusal by military police to obey orders to go to Angola and a reaffirmation of their ties with "progressive forces."

The military police figured in another disturbance in Lisbon on Wednesday, when they clashed with hundreds of jobless Angolan refugees. Because of their well-publicized leftist leanings and their refusal to embark for Angola, the military police are special targets for the wrath of the returnees.

National Intelligence Bulletin

September 26, 1975

According to the US embassy in Lisbon, Army Chief of Staff Fabiao met with military region commanders and other key officers on Wednesday to discuss deteriorating discipline. The subject reportedly was also taken up yesterday in a meeting of the Revolutionary Council, which continued late into the night.

Before it can hope to discipline the enlisted personnel, the Council, it seems, will have to place some restraints upon two of its own members, Admiral Rosa Coutinho and General Carvalho, both leaders of the extreme left nationalist faction. Upon their return yesterday from Sweden at the head of an official delegation, the two officers made statements which can only provide encouragement to those elements that have decided to defy the government and test its mettle.

Rosa Coutinho described both last night's demonstration and the Communist-backed steelworkers' strike on Wednesday, which was an open challenge to the new anti-Communist labor minister, as "justified warnings." Not to be outdone, the outspoken Carvalho said he was not worried that arms had been handed over by one of his own security officers to leftist forces. He would be worried, Carvalho said, if the weapons in question had gone to the rightists, but that now they were "in good hands."

25X1

25X1

National Intelligence Bulletin

September 26, 1975

MBFR

The current round of MBFR talks opening today in Vienna will be seen by West Europeans as the first major test of the "spirit of Helsinki." Some progress in this round of the negotiations, however, is anticipated if the West can reach agreement on its long-awaited nuclear proposal.

The East has encouraged the belief that once a CSCE agreement is concluded, progress at MBFR will follow. Subsequently, Brezhnev—along with many Western leaders—underlined the need to give priority attention to reducing the size of the armed forces in Central Europe.

Some progress in Vienna may come when the West is able to surmount reservations on the part of some Europeans regarding Option III, the long-awaited nuclear reduction proposal which the US introduced in NATO last summer. At the present stage of negotiations in Brussels, this proposal calls for a reduction in Western Europe of US nuclear warheads and delivery systems in return for a withdrawal of a Soviet tank army and a Soviet commitment to a common ceiling for both Warsaw Pact and NATO air and ground manpower. Although considerable agreement has been reached among the allies regarding the proposal, differences remain in two key areas: limitations on allied armaments and the definition of a common ceiling.

The West Germans are concerned that the introduction of Option III may shift the emphasis at the MBFR talks from troop reductions to broader questions involving armaments. They would like to ensure that a force-reduction agreement will not result in limitations on West European military equipment.

The British in past NATO discussions of Option III have emphasized the objective of a specific, numerical manpower ceiling for both the Warsaw Pact and NATO. They and their supporters have now given up this commitment. The Germans and the British remain determined to use Option III to buy more than a formal commitment to a common ceiling, but they have not yet decided what it should be.

Western agreement to include air manpower in the common ceiling has also made it more difficult to keep the focus on East-West ground force disparities. The Belgians have argued that this issue is likely to prove so difficult for the allies that Option III may have to be introduced without an accompanying air manpower proposal. The parallel introduction of these proposals is intended to meet the East's demand that Western air and nuclear forces be included in any reduction package.

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National Intelligence Bulletin

September 26, 1975

KOREA

North Korea has reacted negatively to the recent US - South Korean proposal for a conference aimed at easing tensions in Korea.

A Foreign Ministry statement yesterday was mild in tone by North Korean standards, but it contained a point-by-point rejection of the US - South Korean recommendations. Pyongyang said:

--The Korean armistice agreement cannot be preserved, as the US urges, but must be replaced by a US - North Korean peace treaty.

--South Korea, not a signatory to the armistice, cannot be made a party to any new armistice arrangements.

--Reciprocal recognition—of North Korea by the US and of South Korea by Pyongyang's allies—and dual UN membership for the two Koreas are unacceptable because they would perpetuate the division of the country.

The North Koreans refused to acknowledge that the US - South Korean proposal contains a major new element—the call for a conference on Korea, to be attended initially by the parties directly concerned with the armistice (the US, North and South Korea, and China). There is no doubt that Pyongyang is opposed to such a conference now. The North Koreans may well have avoided a categorical rejection of the proposal in order to minimize charges that it is unwilling to engage in dialogue, a consideration of some importance now as the vote at the UN on competing Korean resolutions nears. The North Koreans are probably concerned that the US initiative could benefit the US and South Korea tactically in the General Assembly.

The Chinese have not yet commented on the US - South Korean proposal. A high-level Chinese delegation led by Politburo member Chang Chun-chiao arrived in Pyongyang on Sunday and the proposal, as well as strategy for the UN General Assembly debate on the Korea question, is undoubtedly under discussion. Neither side has released any details on the talks.

In coming to grips with the new proposal, the Chinese will have to take into consideration their developing ties with the US and their keen interest in avoiding increased tensions on the Korean Peninsula. At a welcoming banquet Sunday night, however, Chang reiterated standard expressions of Chinese support for Pyongyang, suggesting that when Peking's response is voiced—perhaps in Foreign Minister Chiao

National Intelligence Bulletin

September 26, 1975

Kuan-hua's scheduled speech at the General Assembly—it will firmly support Pyongyang's position. Like Pyongyang, Peking's response will probably be aimed primarily at blunting any possible tactical benefits Seoul might gain at the UN from the US proposal.

There has been no Soviet reaction to the Korean proposal.

25X1

CHINA

The health of Premier Chou En-lai has apparently taken a turn for the worse. This may be temporary, but repetition of the condition can be expected in the future.

Chou failed to meet North Vietnamese party chief Le Duan and former British prime minister Heath during their visits to China this month. Both visitors met Chairman Mao and would normally have talked with Chou. Heath was informed that the Premier wanted to meet him but was prevented from doing so by his doctors.

25X1

The Chinese press is not keeping the Premier's fragile health a secret from the populace. It published the remarks of Cambodian Deputy Prime Minister Khieu Samphan last month that Chou was "not in the best of health."

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Next 2 Page(s) In Document Exempt

Approved For Release 2007/03/14 : CIA-RDP79T00975A028100010043-2

National Intelligence Bulletin

September 26 1975

ITALY

Italy's Christian Democrats and Socialists have each held party leadership meetings recently to grapple with political problems brought on by the Communists' strong showing in the nationwide local elections last June. The two parties' differing views on how to deal with the Communists remain a major obstacle to renewal of the cooperation between them that has been the basis for most Italian governments since 1963.

Both parties said they still see Prime Minister Moro's fragile government—in which only the Christian Democrats and the Republicans hold cabinet posts—as the only viable possibility under present circumstances. The Socialists, however, seemed to condition their continued support on the government's responsiveness to organized labor's demands in major contract talks that get under way this week.

At their gathering, the Christian Democrats took a step toward the Socialists but did not go far enough to bridge the gap on the Communist issue. In a compromise reflecting the sharp divisions between the party's left and right wings, the Christian Democrats voted to maintain their opposition to the Communists but to open a "competitive dialogue" with them—provided such an exchange does not blur the distinction between majority and opposition.

Party leader Zaccagnini and Prime Minister Moro are the major advocates of the "dialogue" proposal, but they face an uphill fight in trying to make this vague formulation specific enough to satisfy the Socialists and still obtain agreement within their own party. Conservative Christian Democrats have warned that dialogue with the Communists is a losing proposition unless their party first develops its own clear line on major policy questions.

The Socialist meeting, meanwhile, underlined the growing fear among party leaders that their post-election maneuvers have hurt the party by identifying it too closely with the better organized and stronger Communists.

Since June, the Socialists have sharply increased collaboration with the Communists by forming governments with them in most major Italian cities, 5 of the 20 regions, and about a third of the 94 provinces, and they have refused to form another national coalition with the Christian Democrats without a formal procedure for considering Communist views on policy options.

Most Socialists are convinced that they suffered in the last election as a result of cooperation with the government and believe they cannot compete with the Communists for voter support unless the Communists' opposition status is diluted. Emphasis at the leadership meeting was on establishing an "autonomous" line of action to set the Socialists apart from both the Communists and the Christian Democrats—no small task.

National Intelligence Bulletin

September 26, 1975

Communist chief Berlinguer is staying out of the Socialist - Christian Democrat dispute over his party's relationship with the next national government. Nevertheless, the Socialists are concerned over his insistence that Communist strategy at the national level has not changed. Berlinguer is still aiming for an eventual "historic compromise" agreement with the Christian Democrats which, if accomplished, would make Socialist support superfluous.

The Communists are not overly jubilant themselves, however, and are being cautious in those localities where they now hold power for the first time. They fear that public reaction to their initiatives could send protest voters back to the Christian Democrats or to the far right in the next election.

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25X1

Approved For Release 2007/03/14 : CIA-RDP79T00975A028100010043-2

Approved For Release 2007/03/14 : CIA-RDP79T00975A028100010043-2

National Intelligence Bulletin

September 26, 1975

RHODESIA

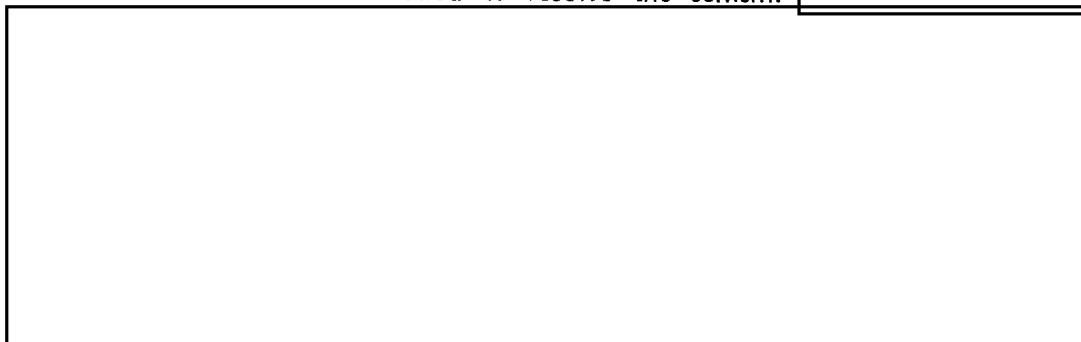
The Rhodesian African National Council—the umbrella organization formed by four black nationalist groups last December—is scheduled to hold its first national congress in Salisbury this weekend. The meeting will focus new attention on the bitter leadership struggle among the nationalists that is the most immediate barrier to a resumption of settlement talks with Prime Minister Ian Smith.

The congress is a tactical victory for Joshua Nkomo, a former leader of one of the council's constituent groups, who now apparently controls a majority of the council's branches inside Rhodesia. Nkomo's expected bid for the chairmanship of the council may run into trouble, however, and the meeting could end in rioting between his followers and Salisbury-based adherents of exiled nationalist leaders who want to scrap settlement talks and get foreign backing for a guerrilla offensive.

Two weeks ago Bishop Muzorewa, the figurehead chairman of the council who has been traveling extensively outside Rhodesia, expelled Nkomo for engineering the call for the congress over Muzorewa's objections. Although Muzorewa has advocated a negotiated settlement with Smith, his breach with Nkomo has sealed his dependence on Ndabaningi Sithole and other militant exiles.

Shortly after Muzorewa expelled Nkomo, Zambian President Kaunda and the presidents of Tanzania, Mozambique, and Botswana met with the Rhodesian nationalists in Lusaka but failed to resolve the schism.

25X1



It is unlikely, however, that Kaunda will back Nkomo against Muzorewa and the hard-line insurgents unless he can obtain the concurrence of the other three presidents who helped him to bring about the unity agreement among the competing Rhodesian nationalists last December. President Khama of Botswana may be ready to accept Nkomo's leadership of the council, but it is doubtful that either President Machel of Mozambique or Tanzanian President Nyerere would go along.

National Intelligence Bulletin

September 26, 1975

Even Kaunda will find it politically difficult to back Nkomo unless the proceedings of the national congress include orderly elections and unless Nkomo gains some support in addition to the membership of his own faction. Nkomo's opponents have accused him of "selling out" to Ian Smith, and if he emerges as head of the council, he will be under heavy pressure to insist on a rapid transition to majority rule.

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NORWAY

Prime Minister Trygve Bratteli announced yesterday that he will resign in early January. The statement was carefully planned to avoid disrupting the country's affairs.

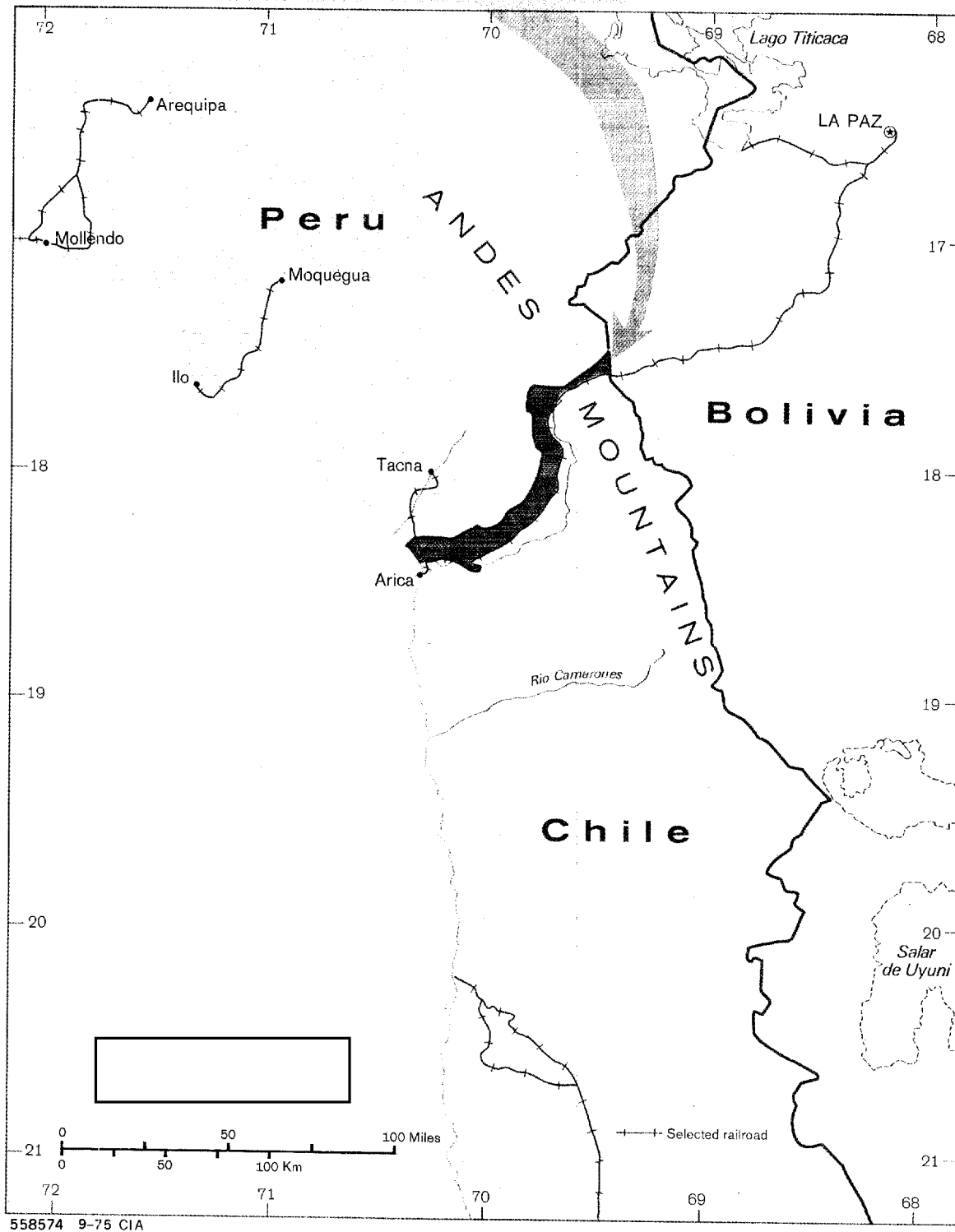
In declining health for several years, Bratteli stepped down as chairman of the ruling Labor Party last April and announced his intention to give up the prime ministership at an unspecified time. According to a party official, Bratteli wants to stay on until parliament completes its review of the budget, which will probably be just before the Christmas recess.

The party decided last spring that Odvar Nordli, its parliamentary leader, would succeed to the prime minister's chair. Nordli is considered friendly to the US and a strong proponent of NATO; he will be 48 in November. He was a vociferous, if unsuccessful, advocate of Norwegian membership in the European Community. Nordli is not expected to promote major new foreign or domestic policies.

Nordli's cabinet will have several new faces. At least three incumbent ministers have decided to take Bratteli's resignation as an opportunity to leave.

Nordli, together with party chairman Reiulf Steen, will have ample time to prepare the party for the national elections in September 1977. In local elections this month, the Labor Party increased its share of the vote over the last national election but lost control in Oslo and several other traditional urban strongholds.

Bolivia's Proposed Outlet to the Sea



National Intelligence Bulletin

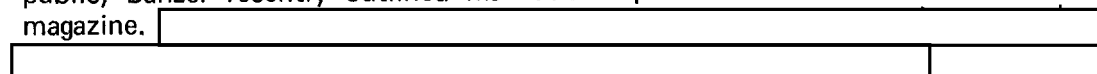
September 26, 1975

BOLIVIA

President Hugo Banzer is increasing diplomatic pressure on Chile in hopes of gaining Bolivia's long-sought goal of access to the Pacific.



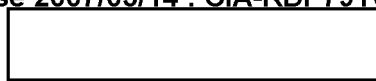
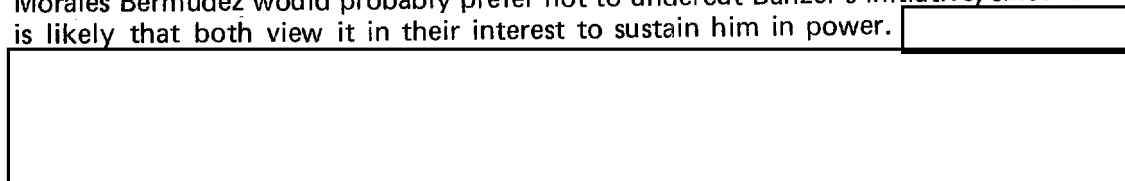
Since diplomatic relations between Chile and Bolivia were reestablished in February 1975—after a 13-year break—Banzer has been pushing for a negotiated settlement. Responding to growing domestic pressure to make Bolivia's position public, Banzer recently outlined his nation's plans in an interview in a Chilean magazine.



Chile does not favor the option of ceding territory, but it evidently wants the issue resolved soon. For now, President Pinochet could probably arrange a lease of the railroad and oil pipeline to Bolivia without major opposition from Chilean nationalists or from neighboring Peru. In subsequent negotiations, Chile might be willing to consider a long-term lease of territory.

Under the terms of the 1929 treaty between Peru and Chile that settled the War of the Pacific (1879-83), each country must have the approval of the other in order to cede any of the territory that changed hands. Peru would insist on a role in any negotiations between Chile and Bolivia.

Although earlier reporting indicated that Peruvian President Morales Bermudez is more amenable than former President Velasco to a negotiated settlement of the tripartite territorial dispute, it is highly unlikely that he would acquiesce in an outright cession of former Peruvian territory. At the same time, both Pinochet and Morales Bermudez would probably prefer not to undercut Banzer's initiative, since it is likely that both view it in their interest to sustain him in power.



National Intelligence Bulletin

September 26, 1975

BANGLADESH

The US embassy in Dacca reports that after almost six weeks in power, the new government in Bangladesh has done little to distinguish itself from the ousted regime of the late president Mujib. The new leaders have reaffirmed the four basic principles of Bangladesh's constitution—nationalism, secularism, socialism, and democracy—but have made virtually no other major policy announcements.

Domestically, President Mushtaque's regime has imposed security measures that appear almost as authoritarian as those of its predecessor. The country's ills have been blamed on Mujib's abuses of power, but no sweeping changes in his policies have been instituted. The few economic moves made by the new leaders have been politically motivated, and some have been in line with pre-coup policies.

In foreign affairs, the embassy sees the improved prospect for ties with Pakistan and China as a reaffirmation of Mujib's policy of friendship with all. Mujib himself had sought, albeit unsuccessfully, to improve relations with Pakistan and China to balance the influence in Bangladesh of India and the Soviet Union. The new government does not want its ties to Islamabad and Peking to grow to the extent that they sour Bangladesh's good relations with India and the Soviet Union, and it has made efforts to reassure these countries.

The government's slow pace may be a result of its preoccupation with political concerns, such as sorting out leadership roles among civilian and military figures in the hierarchy and protecting itself against security threats. The post-coup leadership struggle between the majors who led the coup and some senior officers has subsided, but the younger officers have still not returned to their units. They are advising Mushtaque and in one case are reported to have overridden his decision. Mushtaque is aware of his uncertain position with the military and is paying careful attention to their concerns.

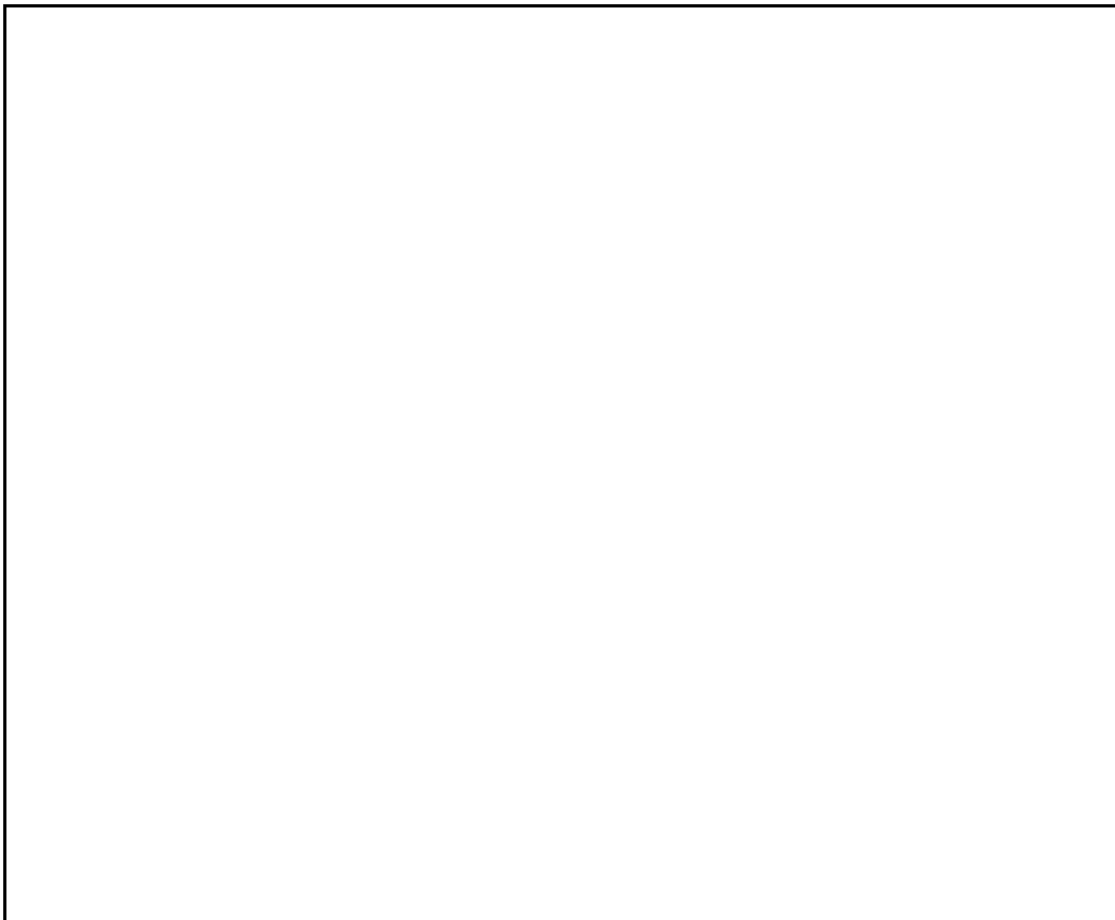
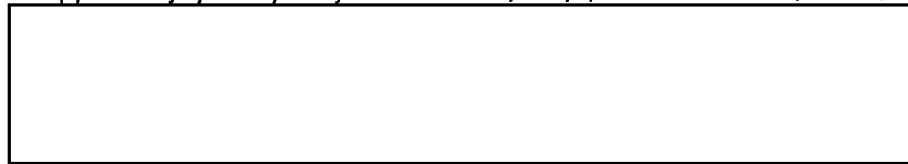
Internal security seems to be the government's biggest concern. In addition to imposing tough martial law regulations, the government has rounded up some associates of Mujib, suspended political activity, launched a nationwide campaign to confiscate illegally held arms, and absorbed into the army the Rakkhi Bahini, a paramilitary group set up by Mujib and believed loyal to him. The government's fears may have been compounded by persistent rumors that some of Mujib's supporters are seeking revenge for the coup.

The embassy points out that most Bengalees accept that the government must set its house in order. They appear willing to acquiesce in the temporary suspension of rights and political activity for the time being.

National Intelligence Bulletin

September 26, 1975

We believe disenchantment is inevitable before long. Any government would find it difficult to consolidate its control over politically and economically troubled Bangladesh. The Mushtaque regime, with its internal divisions and little of the massive popular appeal enjoyed by Mujib in his early days, will have an especially difficult time.



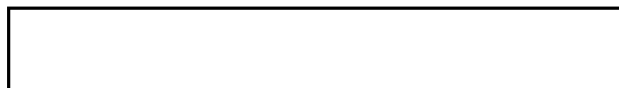
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